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Remittances and Financial Inclusion: A Policy and Regulatory Approach

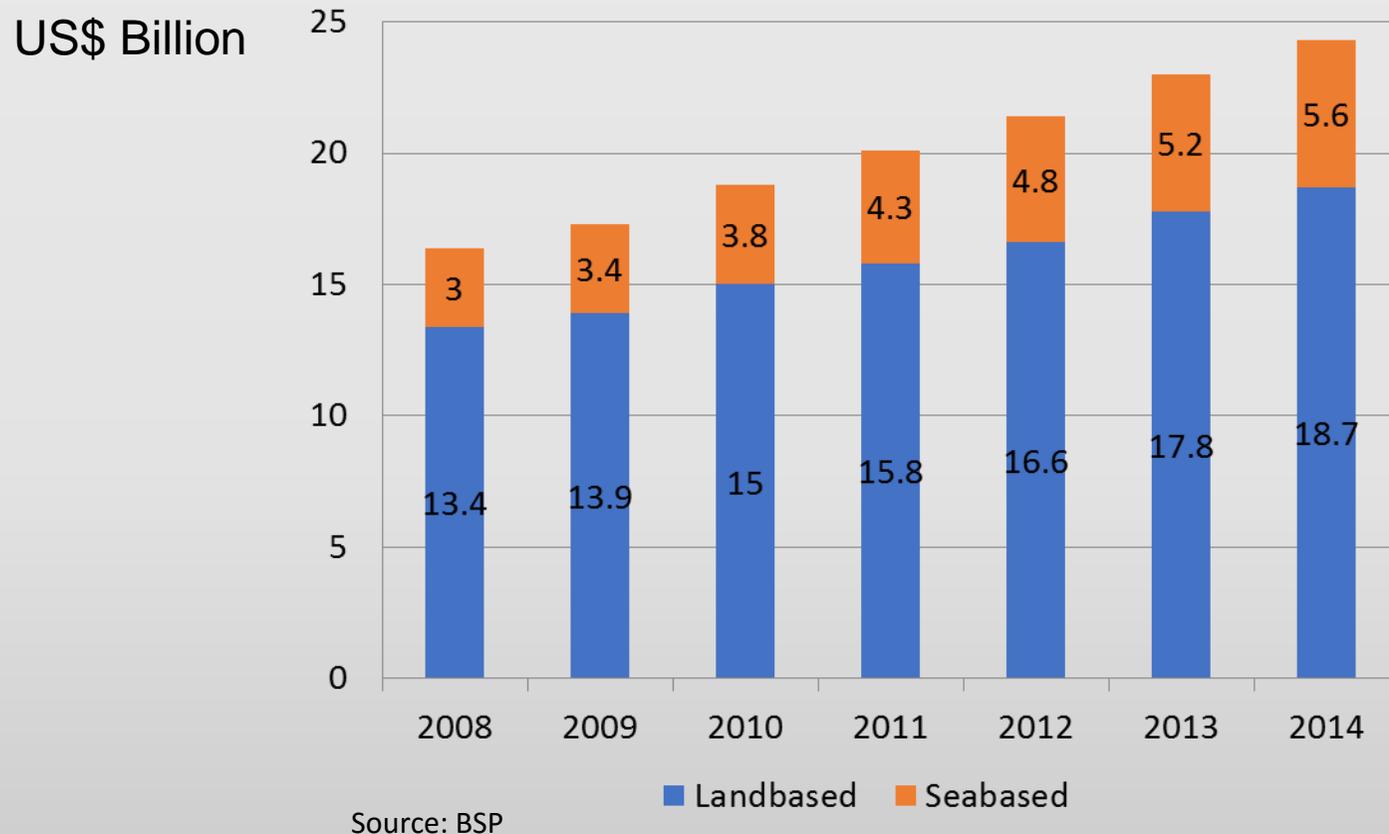
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Bangko Sentral ng Pilipinas

ADB Workshop on Promoting Remittances
for Development Finance
8 March 2015
Mandaluyong City



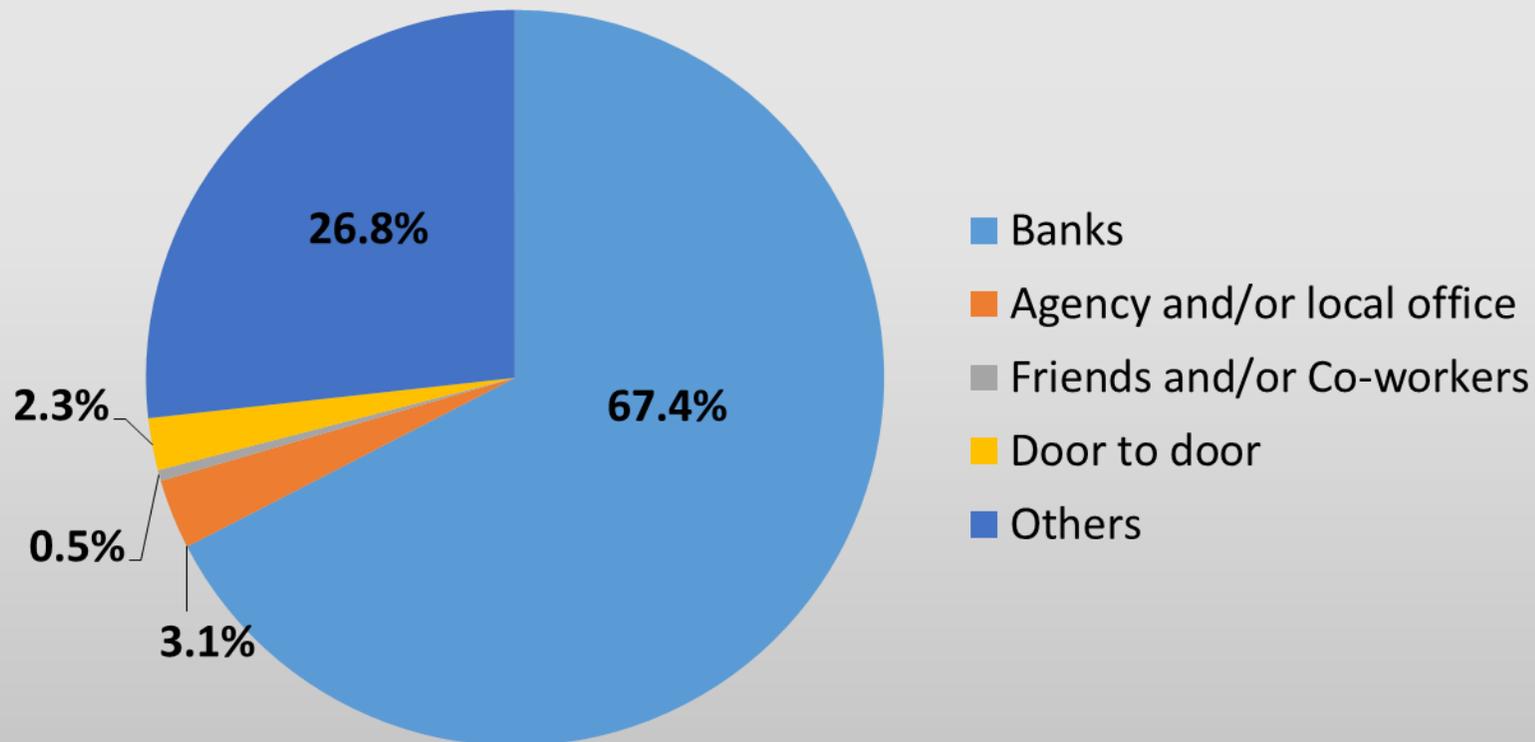
BANGKO SENTRAL NG PILIPINAS

Volume of Remittances



- Remittances channeled through the banking system in 2014 reached US\$24.3 billion, or 8.5% of GDP
- Remittances continue to be a major stimulant of domestic demand

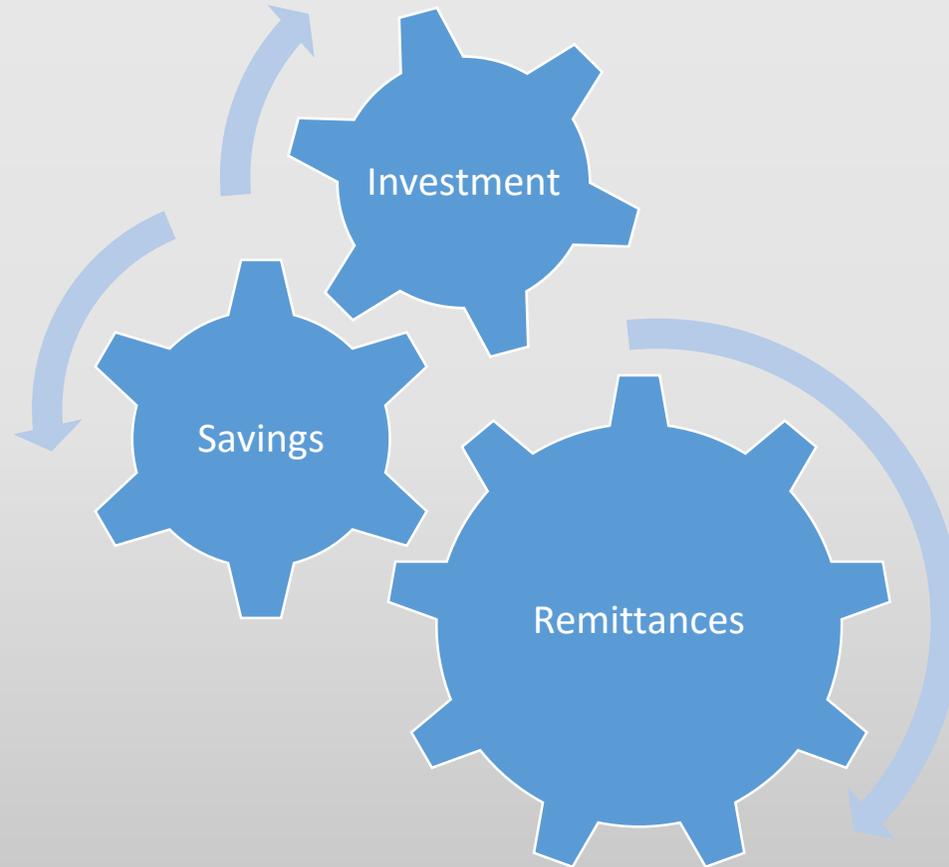
Total cash remittance of OFW during the past 6 months by mode of remittance



Source: PSA, Survey on Overseas Filipinos 2013

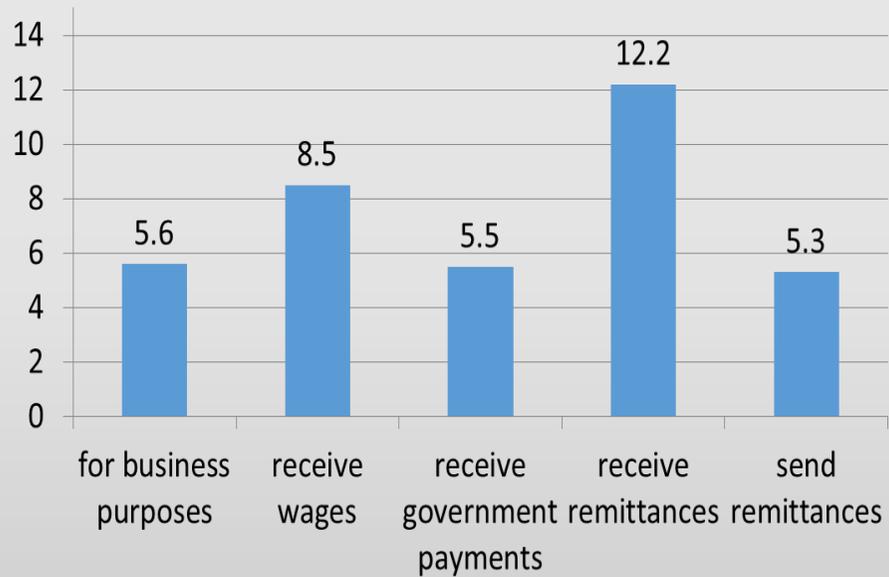
A rider questionnaire to October Labor Force Survey every year. Probability sample of 41,000 households. Time reference is past six months

Remittances: A Doorway to Inclusion?

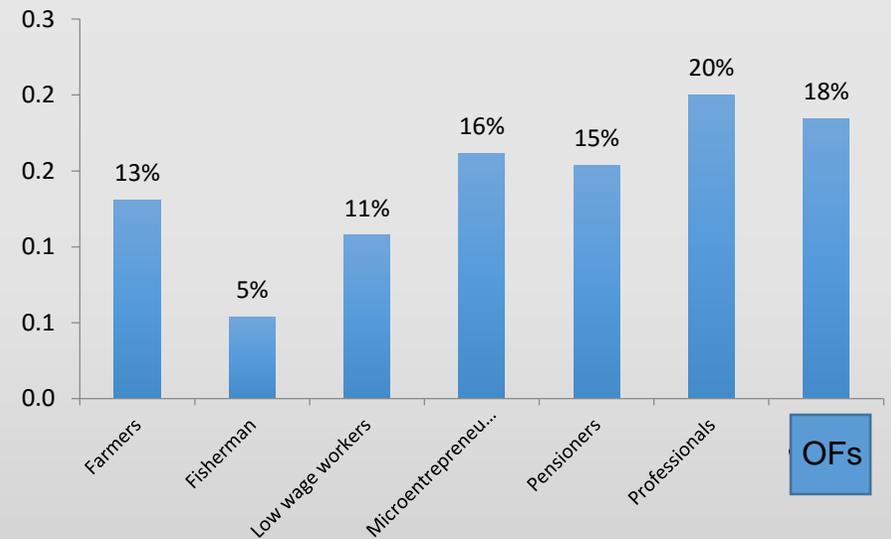


Remittances and Savings

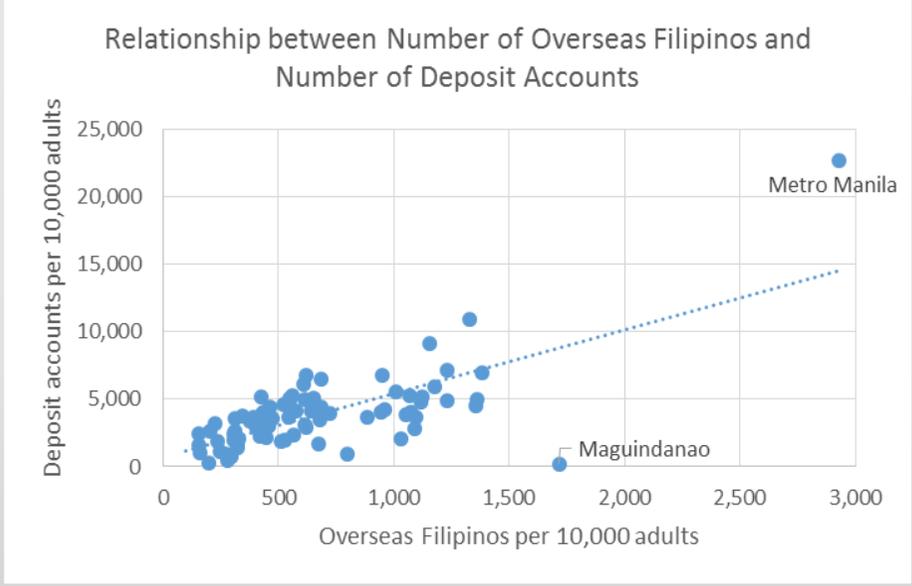
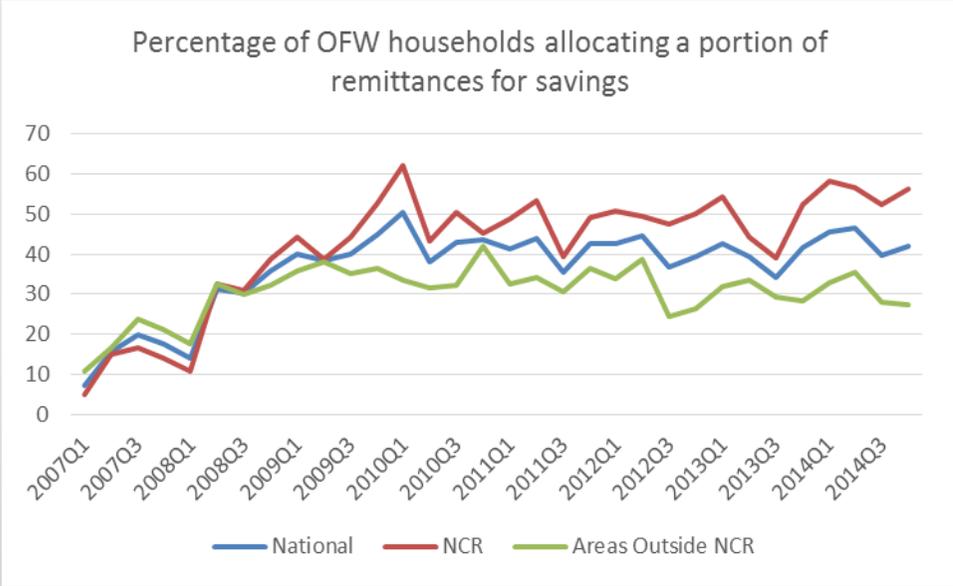
FINDEX: Use of formal accounts (% age 15+)



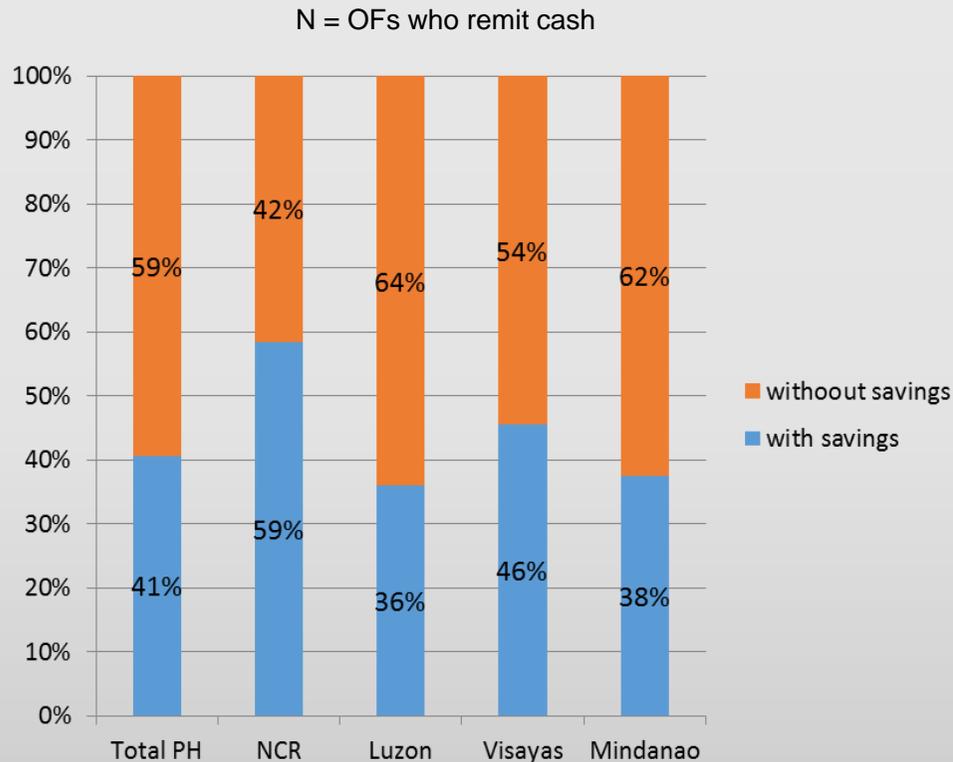
Distribution of savings product by target occupational group



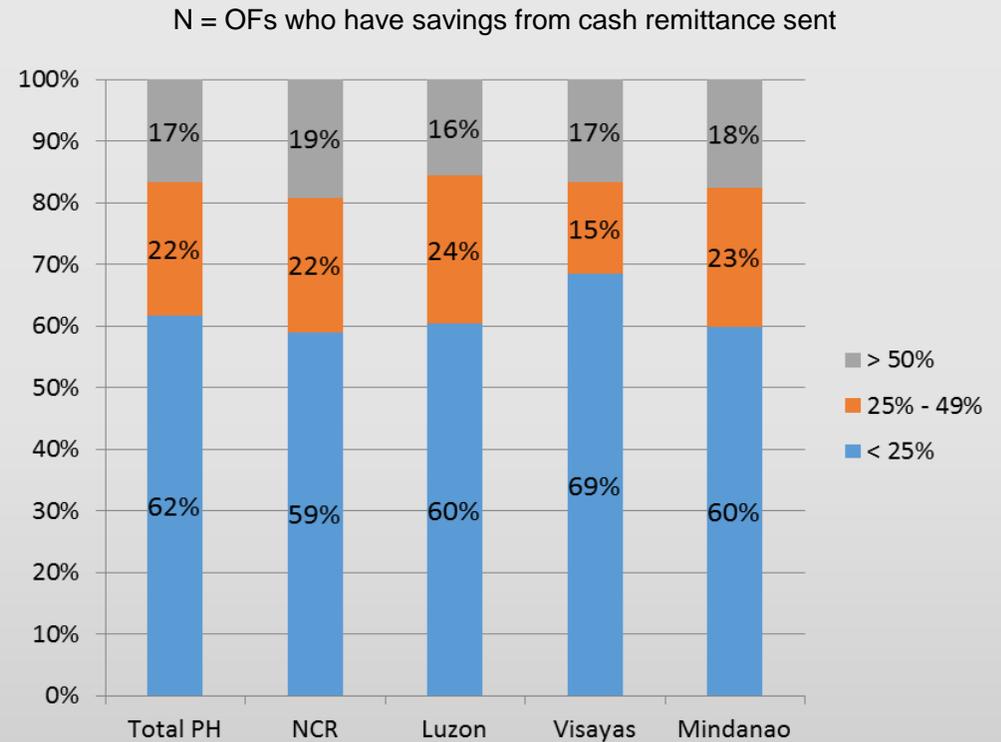
Remittances and Savings



Remittances and Savings: Opportunities and Challenges



Whether or not OFs have savings from cash remittance sent



% of cash remittance set aside for savings

Source: PSA, Survey on Overseas Filipinos 2013

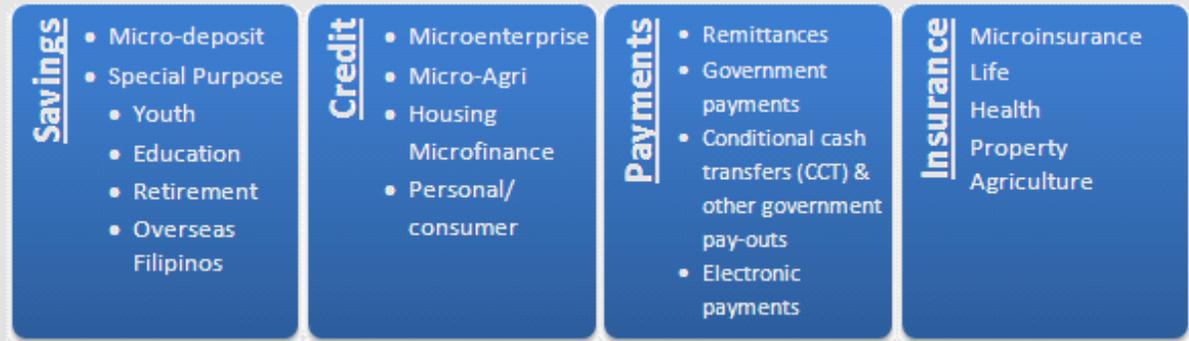
A rider questionnaire to October Labor Force Survey every year. Probability sample of 41,000 households. Time reference is past six months

Remittances and Savings: Opportunities and Challenges

Region	Total cash remittance (in million pesos)	Total cash remittance per capita	Total deposits (in million pesos)	Total deposit per capita
NATIONAL CAPITAL REGION	17,576.00	1,470.41	5,377,104.64	449,848.71
CAR	1,885.00	1,047.85	64,734.74	35,985.34
REGION I - ILOCOS	8,645.00	1,579.48	121,325.21	22,166.66
REGION II - CAGAYAN VALLEY	4,974.00	1,406.32	73,260.63	20,713.35
REGION III - CENTRAL LUZON	19,611.00	1,826.26	336,971.11	31,380.13
REGION IV-A CALABARZON	24,367.00	1,926.51	468,812.16	37,065.29
REGION IV-B MIMAROPA	3,068.00	941.87	37,793.66	11,602.61
REGION V - BICOL	3,491.00	576.89	79,117.08	13,074.18
REGION VI - WESTERN VISAYAS	10,938.00	1,363.52	195,720.94	24,398.39
REGION VII - CENTRAL VISAYAS	8,554.00	1,147.22	368,527.06	49,425.19
REGION VIII - EASTERN VISAYAS	1,979.00	418.76	58,788.22	12,439.58
REGION IX - ZAMBOANGA PENINSULA	1,482.00	400.50	60,646.55	16,389.19
REGION X - NORTHERN MINDANAO	3,648.00	789.69	99,862.47	21,617.41
REGION XI - DAVAO	2,639.00	577.43	138,093.96	30,215.91
REGION XII - SOCCSKSARGEN	2,934.00	675.02	70,595.44	16,241.68
CARAGA	1,793.00	664.19	42,664.66	15,804.54
ARMM	1,161.00	306.61	6,287.25	1,660.43

What is financial inclusion?

- A state wherein there is **effective access** to a **wide range of financial services** for all Filipinos



Unserved and Underserved

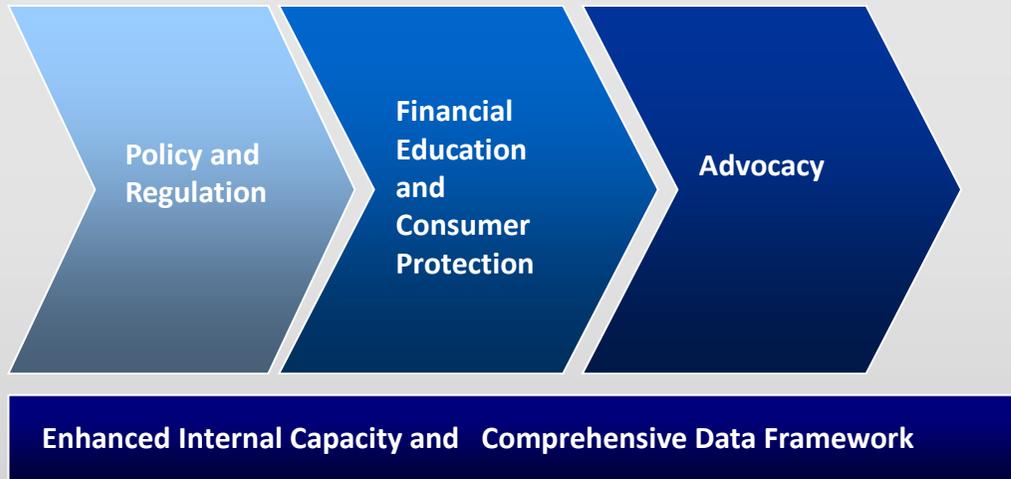
- MSMEs
- Low income population
- Population in frontier areas
- Population unserved due to religious barriers
- Farmers, fisherfolk, agrarian reform beneficiaries

Financial Inclusion Toward Inclusive Growth



*“A regionally responsive, development-oriented and **inclusive financial system** which provides for the evolving needs of its diverse public” and supports **inclusive growth***
(Philippine Development Plan 2011-2016)

Initiatives for Financial Inclusion



Access and Products: Policy and Regulatory Approach



Access and Products: Policy and Regulatory Approach

Widened range of products

- Microdeposit
- Microenterprise loan
- Microfinance plus
- Micro-agri loan
- Housing microfinance
- Microinsurance

Expanded virtual reach

- E-money issuers
- E-money network service providers
- Technology-driven business models

Expanded physical network

- Liberalized bank branching
- Micro banking offices

Liberalized customer on-boarding

- Updated anti-money laundering rules
- Outsourcing rules

Enhanced consumer protection framework

- Revised rules for Truth in Lending Act
- Market conduct regulation
- Consumer assistance mechanism

Products – What can be accessed by OFs and beneficiaries



179 banks with microfinance operations currently serving 1.2 million clients with outstanding portfolio of PhP 9.4 billion.

Microenterprise Loan

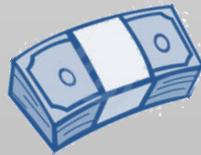
Php 7.8 B



161 banks

Microfinance Plus

Php 216 M



24 banks

Micro-Agri Loan

Php 290 M



29 banks

Housing Microfinance

Php 377 M



17 banks

Microdeposit

Php 3.8 B
1.9 million accounts



72 banks

Microinsurance

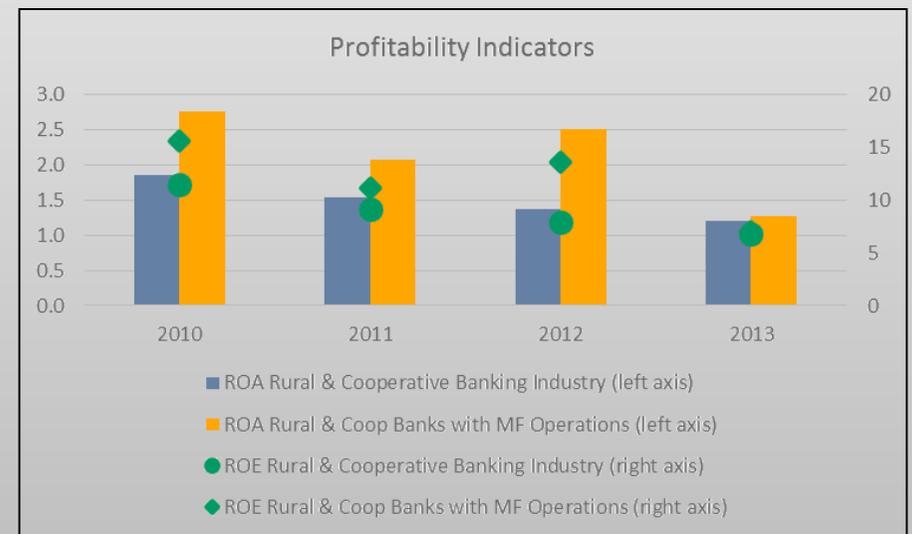
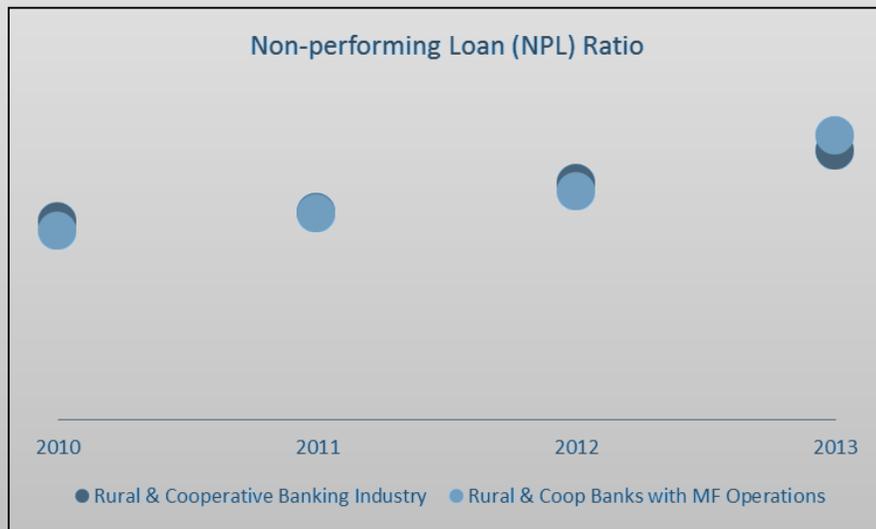
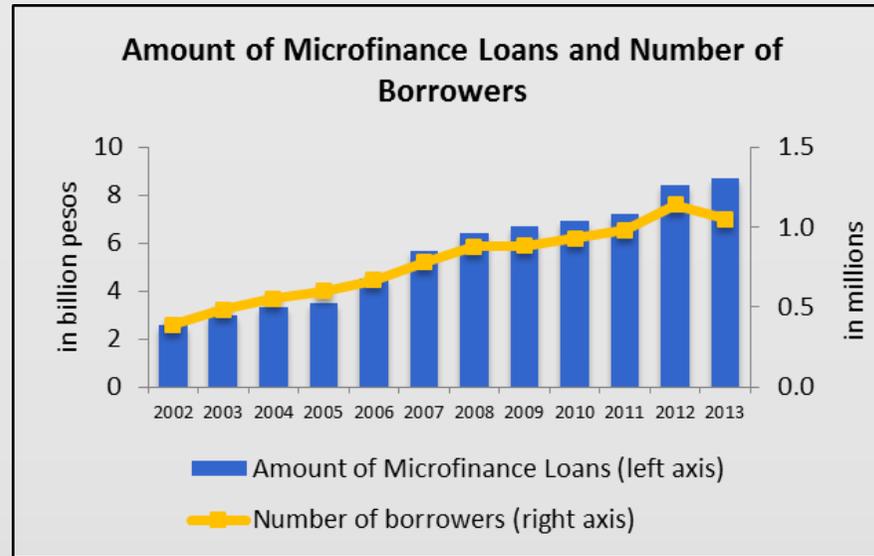
29 million covered
individuals



40 banks

**As of end-Sept 2014*

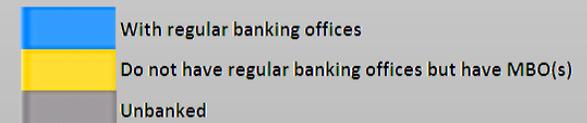
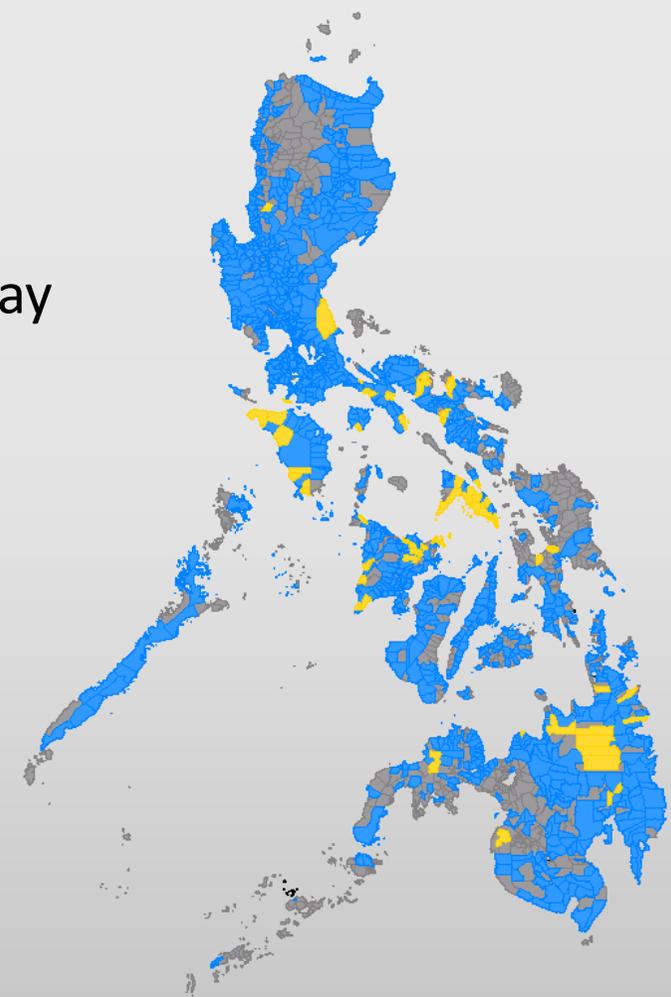
Products – What can be accessed by OFs and beneficiaries



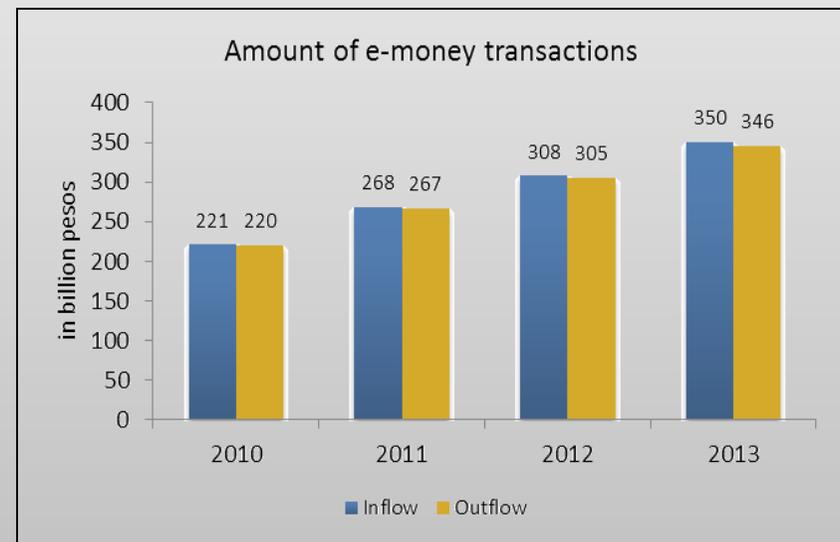
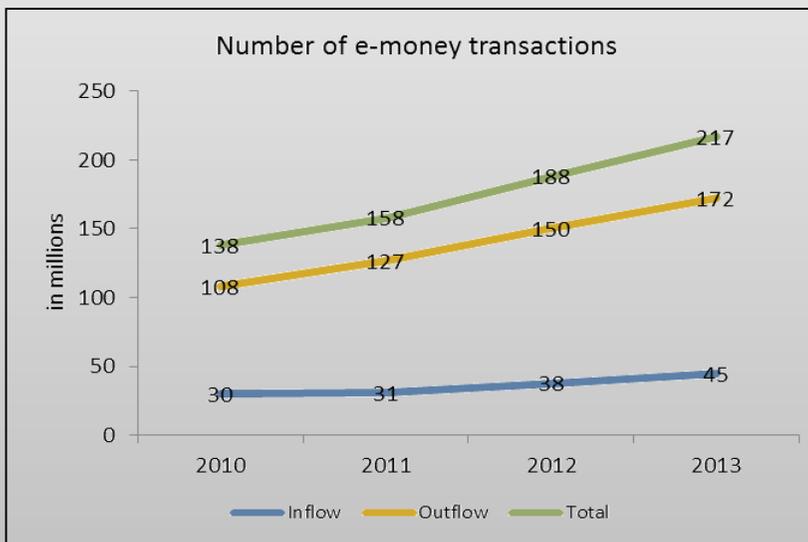
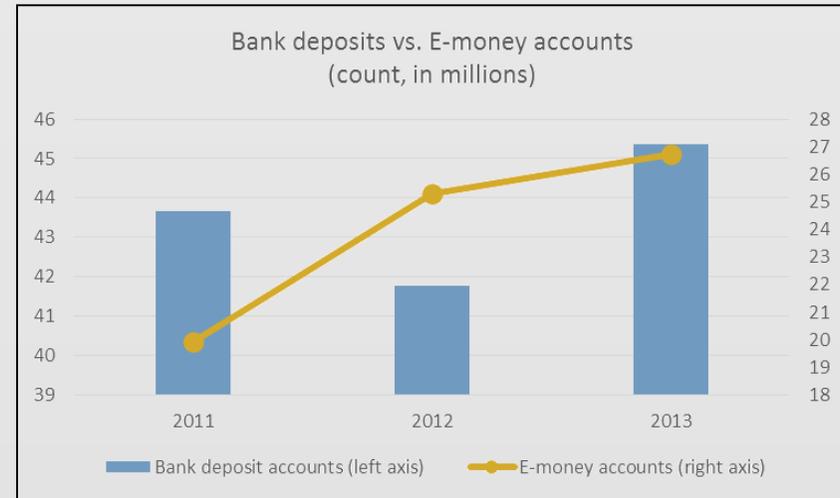
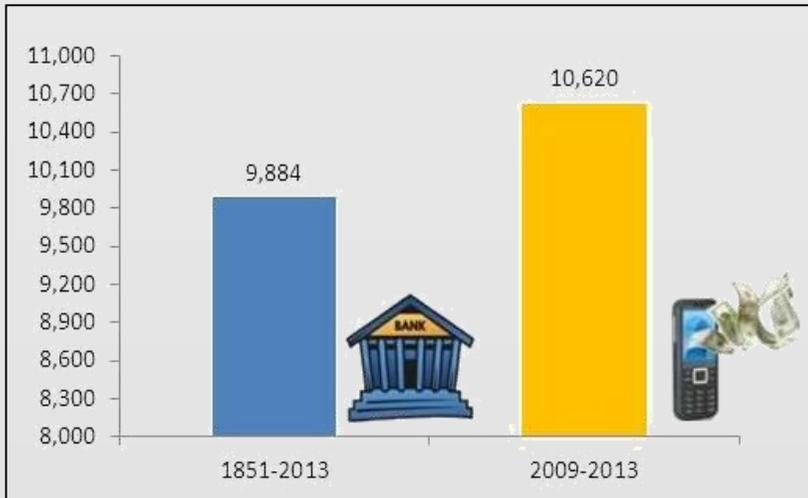
* Highest microinsurance coverage among nine Asian countries, Munich Re Foundation

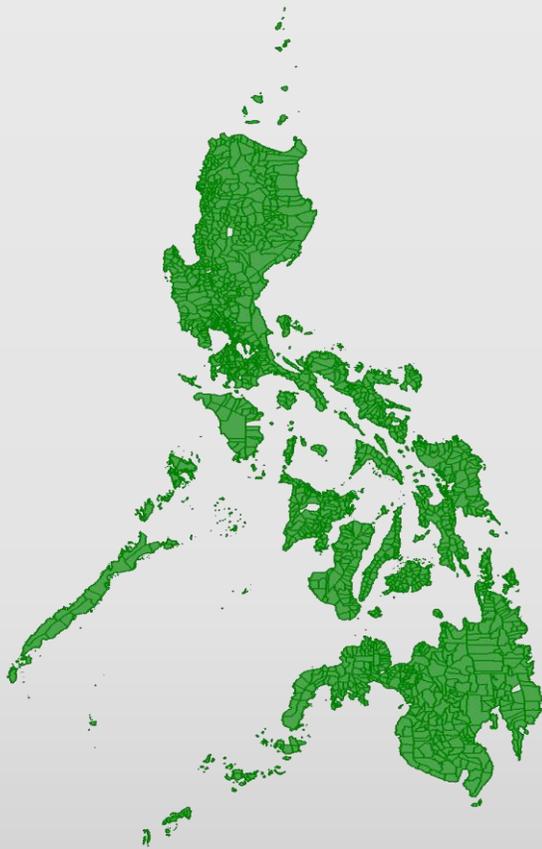
Access – Micro Banking Offices (MBOs) Bringing Service Points Closer to OFs and Beneficiaries

- ✓ **508** MBOs operating in **325** municipalities
- ✓ **62** municipalities are served by MBOs alone
- ✓ Allowed to purchase foreign currency up to the maximum equivalent of USD300 per client per day for credit to micro-deposit accounts



Access – Electronic Money Ecosystems Bringing Service Points Closer to OFs and Beneficiaries





Philippines
1,634 municipalities
92 million Filipinos



With 9,375 banking offices,
37% of the cities and municipalities
(15% of the population)
are unbanked



With the addition of over
40,000 access points
(offsite ATMs, NBFIs, credit cooperatives,
pawnshops, money changers, remittance agents,
e-money agents)
only 13% of the cities and municipalities
(4% of the population)
remain unserved

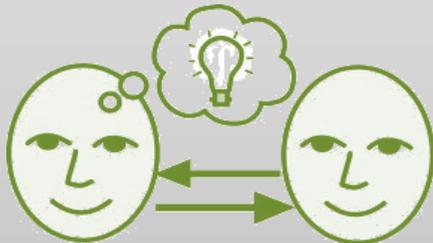
National Strategy for Financial Inclusion



Coordination



Trust building



Raising awareness
and understanding

Toward a common vision and
clearly defined **inclusive financial
system**

The overall vision is a financial system that is accessible and responsive to the needs of the entire population toward a broad based and inclusive growth. In particular, to ensure that this financial system also serves the traditionally unserved or marginalized sectors of the population. This vision should be guided by a focus on the client.

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